

EXHIBIT D

MAILED

JUN 13 2007

**U.S. PATENT AND TRADEMARK OFFICE
BOARD OF PATENT APPEALS
AND INTERFERENCES**

RECORD OF ORAL HEARING

UNITED STATES PATENT AND TRADEMARK OFFICE

**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Ex parte DAVID S. MILLER

**Appeal 2007-0712
Reexamination Control 90/006,713
Patent 6,202,052
Technology Center 3600**

Oral Hearing Held: May 2, 2007

**Before JAMESON LEE, SALLY C. MEDLEY and
JAMES T. MOORE,
Administrative Patent Judges.**

**ON BEHALF OF THE APPELLANT:
MICHAEL A. SARTORI, ESQUIRE
RYAN M. FLANDRO, ESQUIRE
Venable, LLP
575 7th Street, N.W.
Washington, D.C. 20004-1601**

1 The above-entitled matter came on for hearing on Wednesday,
2 May 2, 2007, commencing at 1:00 p.m., at The U.S. Patent and Trademark Office,
3 600 Dulany Street, Alexandria, Virginia before Dominico Quattrociocchi,
4 Reporter.

5 MR. SARTORI: This is actually my first time in the Board for the
6 new building here. May I begin?

7 JUDGE MEDLEY: Yes.

8 MR. SARTORI: May it please the Board, I'm Michael Sartori,
9 counsel for patent order Simplification, LLC. We've made our introductions
10 around who we have with us today. And prior to proceeding, just to confirm our
11 understanding, we have 20 minutes to discuss both of the reexaminations; is that
12 correct?

13 JUDGE MEDLEY: Right. Of course, we ask a lot of questions, but
14 we'll be sensitive to that.

15 MR. SARTORI: Okay, no problem. We think 20 minutes is fine.
16 That's no problem.

17 And initially, we'd like to also kind of -- it's interesting the timing of
18 the oral hearing. You know, here the beginning of May. We just had April 17th,
19 the day to file our tax returns. And if you file your tax returns on your own, you
20 would have found the invention for the '052 and the '787 patent very beneficial to
21 you.

22 To put the invention in the context of the real world, and without using
23 the formal claim language as an example, if you prepare your own tax return, you
24 would use tax preparation software on your personal computer. And say, for
25 instance, you had an account at a mutual fund, maybe Fidelity, and you had many
26 accounts there. And Fidelity would send you a Form 1099, which would include

Appeal 2007-0712

Reexamination 90/006,713

Patent 6,202,052

1 the information, your tax information, for 2006, your interest, dividends, capital
2 gains, whatnot. And you would take that, your 1099, sit in front of your computer
3 with your tax preparation software, and you'd type in the information that was on
4 your 1099. You would enter that into the tax preparation software.

5 With the invention in the two patents, what you would do instead is,
6 with the tax preparation software, you identify to the tax preparation software that
7 you had an account with Fidelity, and then you would provide the software with
8 maybe your account number or some sort of personal identification. And then you
9 would say go, proceed, and the tax preparation software would automatically then
10 go over the Internet, go to Fidelity, and it would automatically obtain the
11 information that was in the Form 1099, such as your interest and dividends and
12 whatnot, and bring those back down automatically and download them into the tax
13 preparation software.

14 JUDGE MEDLEY: I was just going say, does Simplification actually
15 have a product on the market?

16 MR. SARTORI: Simplification does not have a product on the
17 market. So this is hypothetically speaking how it would work in the real world.

18 And then the software would automatically process the information.
19 For example, adding together all the interests, all the dividends. And then it would
20 populate your tax returns in the appropriate places in the 1040s, and the various
21 schedules that need that information would populate automatically. And that's the
22 big difference between what's been done prior and the invention of these two
23 patents.

24 JUDGE MEDLEY: Your specification, is it very specific, though, as
25 to how that's done, like the software, the coding? None of that's in there. It's
26 more of just a broad general description, right?

Appeal 2007-0712

Reexamination 90/006,713

Patent 6,202,052

1 MR. SARTORI: That is correct. And pursuant to the written
2 description requirement for software inventions, you just need to describe the
3 functionality. You don't need to provide the source code or flow charts. Just
4 describe the functionality per the Phonar and Rihase (phonetic) Microsystems
5 cases. That's the standard that was used in drafting the application.

6 JUDGE MEDLEY: So I give all of my tax forms to H&R Block.

7 MR. SARTORI: Yes.

8 JUDGE MEDLEY: I tell them go do this. I don't want to have
9 anything to do with it.

10 MR. SARTORI: Right.

11 JUDGE MEDLEY: So I'm not involved very much at all. But I guess
12 it's not really computerized, because the tax accountant goes and does his thing.
13 Why wouldn't it have been obvious to make all of this electronic?

14 MR. SARTORI: To begin with?

15 JUDGE MEDLEY: To make the same thing electronic. To gather
16 this information electronically and have the H&R Block person do everything
17 electronically. I mean, certainly it was known for me to hand my stuff to H&R
18 Block and say, "Figure all this out."

19 MR. SARTORI: Yes. Well, but the pieces were not in place to
20 suggest that or to do that. The closest thing that we've seen in the 10 years since
21 we've, you know, filed the application has been the Beamer article that the
22 examiner put forth. And that one only discusses the manual aspects of entering the
23 system. And there is some downloading of information, but it is very
24 distinguishable from what's in the patent.

25 JUDGE MEDLEY: Are you aware of a product out there on the
26 market that actually does what you're describing here?

Appeal 2007-0712

Reexamination 90/006,713

Patent 6,202,052

1 MR. SARTORI: Yes, in fact, we are. There is -- the H&R Block Tax
2 Cut is the software that is on the market. Simplification sued H&R Block four
3 years ago or so, I think in 2003, and that suit has stayed pending the results of these
4 reexaminations.

5 JUDGE MEDLEY: The name of the software is H&R Block --

6 MR. SARTORI: It's H&R Block Tax Cut. Tax Cut is the name of
7 the software.

8 JUDGE MEDLEY: Okay.

9 JUDGE LEE: Mr. Sartori?

10 MR. SARTORI: Yes.

11 JUDGE LEE: When your accountant calls up your bank and says,
12 "Please, you know, I'm so-and-so's accountant. Here's his account number.
13 Please tell me the interest he's earned on this account," and if the bank says,
14 "Okay, instead of sending a paper copy," he says, "I'm going to fax it to you," or
15 "I'll scan it and transmit it electronically to you," why isn't that electronically
16 collecting tax data? Even though it involves someone in your accountant's office
17 to make the initial call and say, "Please give me this data," and the bank transmits
18 it electronically, why wouldn't that be electronic collection of the tax data?

19 MR. SARTORI: Because those are not done automatically. There is
20 -- the collection, the connecting, is not done automatically as required by the
21 claims.

22 JUDGE LEE: Yeah. But not all of your claims require automatic
23 collecting. I see quite a few that don't require automatic collection.

24 MR. SARTORI: That's true. There's Claims 1 and 10 of the '787
25 patent do not recite "automatic" in the preamble.

26 JUDGE LEE: Plus the means claims.

Appeal 2007-0712

Reexamination 90/006,713

Patent 6,202,052

1 MR. SARTORI: The means claims. All the claims in the '052 patent
2 recite "automatic" in the preamble, and they recite "automatically" as well in the
3 body.

4 JUDGE LEE: Well, let's put your automatic claims aside.

5 MR. SARTORI: Okay.

6 JUDGE LEE: Let's focus on the ones that don't require automatic
7 collection.

8 MR. SARTORI: Okay. Those would be Claims 1 and 10, the two
9 independent claims, and their dependent claims in the '787 patent.

10 JUDGE LEE: So what about the scenario I just proposed to you?
11 Why wouldn't that qualify as electronically collecting tax data?

12 MR. SARTORI: Yes. Those would not be done, because there is the
13 manual requirement to do that. To collect them electronically requires the --
14 specification and electronic intermediary to do the collecting and connecting. In
15 that situation, it's the human who's doing the calling up as soon as --

16 JUDGE LEE: Yes. But there's still the electronic aspect to it.

17 MR. SARTORI: There is. But we assert that that is not -- that that is
18 outside the scope of the claims.

19 JUDGE LEE: I know your assertion. But why?

20 MR. SARTORI: Why?

21 JUDGE LEE: What's the reasoning? We had the broadest reasonable
22 interpretation that applies in our proceedings. So if the electronic aspect's pretty
23 substantial, which I think it is in that case, the person just makes a call and
24 everything else is done electronically, why is that not -- why does that not meet
25 electronically collecting tax data?

26 MR. SARTORI: Okay. So let me just understand the facts of what

Reexamination 90/006,713

Patent 6,202,052

1 you're saying. So the taxpayer calls up the bank on the phone?

2 JUDGE LEE: The accountant calls the bank.

3 MR. SARTORI: Accountant calls the bank.

4 JUDGE LEE: "Here's my client's account number. I need to know
5 the interest."

6 MR. SARTORI: Okay. And then the --

7 JUDGE LEE: The bank teller says, "Oh, let me scan it and e-mail it to
8 you."

9 MR. SARTORI: Okay. Scans and e-mails to the --

10 JUDGE LEE: Accountant.

11 MR. SARTORI: Accountant. Okay. I think the one step that's
12 missing in that situation is the connecting electronically to a tax data provider. The
13 human on the telephone calling up the bank is not connecting electronically to the
14 tax --

15 JUDGE LEE: No. But there is a piece of equipment in the
16 accountant's office that receives the tax data electronically.

17 MR. SARTORI: You're correct. There's two different -- there's two
18 steps that are recited in the claims. One is connecting electronically, and then it's
19 collecting electronically. There are two steps. So in that situation, they're
20 connecting electronically.

21 JUDGE LEE: Well, you can't receive electronically unless you first
22 connect electronically. So whatever equipment that's receiving would have
23 connected electronically before it receives.

24 MR. SARTORI: For e-mail, now, my knowledge of actually how the
25 whole e-mail system works is a bit vague, so I'm --

26 JUDGE LEE: Well, it could be a fax machine.

Appeal 2007-0712

Reexamination 90/006,713

Patent 6,202,052

1 MR. SARTORI: But then a fax machine is -- the fax machine is not
2 connected to the computer then. So then you have a paper copy that comes off the
3 fax machine. You have a paper copy, and then you're down there, you know,
4 entering the data in by hand again, so it's outside the scope of the claims. It's
5 outside the -- it doesn't anticipate or render obvious the claims.

6 JUDGE MOORE: So you read these claims as excluding all manual
7 data entries.

8 MR. SARTORI: No. It doesn't for the fact that it's comprising, so
9 it's open-ended. So you could perhaps enter other information automatically.

10 For example, let's say you gave some donations to Purple Heart last
11 year in 2006. And Purple Heart, you know, isn't set up to do this electronic
12 transmission. You would need to type in and enter in your donations to go on your
13 scheduled itemized deductions. That would be within the software within the
14 scope of the claim, because it's comprising, but that would not actually meet the
15 elements of the claims.

16 JUDGE LEE: Okay. You're talking about two different limitations.
17 I'm only talking about electronically collecting.

18 MR. SARTORI: Yes.

19 JUDGE LEE: Maybe, you know, with a faxed copy, you wouldn't
20 have electronically entered it. But I'm just focusing on electronically collecting.

21 MR. SARTORI: Okay.

22 JUDGE LEE: With the faxing, you do have electronic collection,
23 right?

24 MR. SARTORI: I don't think so. Because electronic collection --
25 this is interesting. That's a good question. Electronic collection, that's not
26 contemplated by the scope of the claims. I think in -- the patent actually talks

1 about collection. Let me just refer to that for a moment. I'm sorry.

2 On -- let's see. On the '052 -- well, the same as -- it's a continuation
3 of the other. It talks about electronic links 32 to 37. And that's what's connecting
4 the general purpose computer to the tax data provider. And it says general purpose
5 computer electronically connected to telephone communication equipment using,
6 for example, a modem or electronic data network, such as the Internet or a
7 computer medium for transferring and receiving the tax data.

8 So I think the actual sending the fax over would not be collecting
9 electronically. I think receiving an e-mail would probably be collecting
10 electronically.

11 JUDGE MOORE: I don't know if I agree with that. I think the fax
12 modem, it simply receives faxes.

13 MR. SARTORI: It is. Okay. Collecting electronically. But then it
14 would be the -- it would not be -- it's not into the tax preparation software at that
15 point. You have the paper that comes out of your fax machine. Then how is that
16 getting into your tax preparation software? You're keying it in yourself.

17 JUDGE LEE: Well, you're going to a different limitation now, and
18 just focusing on electronic collection. The collection is done when that data is
19 received by the fax machine.

20 MR. SARTORI: But the fax machine is not the tax preparation
21 software.

22 JUDGE LEE: I agree.

23 MR. SARTORI: Right. So there's --

24 JUDGE LEE: But as far as collecting goes, you have electronic
25 collection right there.

26 JUDGE MOORE: Now, when you process it electronically, does that

Appeal 2007-0712

Reexamination 90/006,713

Patent 6,202,052

1 just mean on the screen? You're looking -- let's say it's a fax image that you never
2 print out. Does looking at that and then typing in the information processing that
3 electronically, because it never gets into paper? Or is --

4 MR. SARTORI: No, it's not, because that requires manual entry. In
5 fact, the specification calls out with respect to step 12, which is the step we're
6 talking about here of this manual collecting -- the specification says, "Hence, with
7 electronic collection of tax data" -- I'm on column 6, line 24 of step 12 -- "the
8 invention eliminates the current requirement that a taxpayer manually collect the
9 tax data and eliminates the current requirement that a taxpayer manually enters
10 such tax data onto a tax return."

11 So if it comes up on the screen, yeah, that's electronically, but you
12 still have to manually enter it. So you're not within the scope of what's being
13 claimed.

14 JUDGE MEDLEY: Why should we limit means for collecting
15 electronically to mean that no manual entry is done? I mean, aren't you
16 necessarily importing limitations from the spec? In your claim, we should be
17 giving it the broadest, most reasonable interpretation.

18 MR. SARTORI: That's true, consistent with the specification of the --
19 if it's a means plus function claim we're discussing, then it's the structure and its
20 equivalent, as described in the terms and specifications. Specification talks about a
21 computer with software and eliminating the need to manually enter the data.
22 Therefore, in terms of the 112-6 analysis, any manual entry of data would be
23 outside the scope of the claims.

24 JUDGE MEDLEY: Well, the means that we're supposed to look at is
25 the structure, but it sounds like you're importing more functional limitation than
26 what's being claimed. It's means for collecting electronically tax data. But then

Appeal 2007-0712

Reexamination 90/006,713

Patent 6,202,052

1 you're saying that you also have to have that it's not manually entered.

2 MR. SARTORI: Yes.

3 JUDGE MEDLEY: That doesn't have anything to do with the
4 structure on the means. That would seem to be importing more functional
5 language. It's just not there.

6 MR. SARTORI: You could put it that way. However, with the
7 example that Judge Moore gave where it's up on the screen, the fax comes up on
8 the screen, the tax preparation software isn't doing that electronically. It's not
9 collecting electronically. There is some intervention there that is assisting the
10 collection electronically, and we believe that's outside the scope of the claims.

11 JUDGE LEE: What if we can't figure out what is your intermediary,
12 electronic intermediary? Would that make your means claims indefinite?

13 MR. SARTORI: No. The electronic intermediary is, in fact, defined
14 in the specification on -- excuse me -- on column 4, lines 39 to 42. On both
15 patents, it's the same site. It says, "The term 'electronic intermediary' refers to a
16 data processing system comprising a general purpose computer and a computer
17 program as described above for performing the invention."

18 JUDGE LEE: I understand. I read that too. But if you read on, you
19 have an alternative embodiment where the electronic intermediary is not the --
20 program, but it's something that's controlled by your -- another institution.

21 MR. SARTORI: Are you referring to column 5? Column 5, line 27?

22 JUDGE LEE: It starts with, "In an alternative embodiment" --

23 MR. SARTORI: Yes.

24 JUDGE LEE: -- "the electronic intermediary is controlled by a tax
25 return preparer institution." Now, in this embodiment, the alternative embodiment,
26 you never tell us what is that electronic intermediary.

Appeal 2007-0712

Reexamination 90/006,713

Patent 6,202,052

1 MR. SARTORI: Yes. That's to be contrasted to the paragraph before
2 it, which starts on column 5, line 16. In that paragraph, the idea is if you want to,
3 say, Costco and you picked up the latest version of H&R Block's Tax Cut,
4 electronic intermediary now is that general purpose computer, but it's being
5 controlled by the actual taxpayer themselves.

6 The same sense, H&R Block has that same Tax Cut version used in
7 their brick and mortar stores around the corner by the Ruby Tuesdays. And so it's
8 the tax preparer that's actually using that same program that you could buy at
9 Costco, but using it at their brick and mortar establishment. And that's the
10 difference between those two embodiments discussed. It's the electronic
11 intermediary is both the computer, whether it's being controlled by the taxpayer or
12 by the tax accountant or the tax preparer. Taxpayer versus tax pre-payer.

13 JUDGE LEE: Aren't you reading a lot into that? Why isn't the plain
14 meaning that you haven't told us what the electronic intermediary is in this
15 alternative embodiment? It could be anything else. Why do we have to read
16 what's before in the previous paragraph into this paragraph?

17 MR. SARTORI: I think they're not -- I think it's clear the previous
18 paragraph says the taxpayer has control over the electronic intermediary. The next
19 paragraph, the electronic intermediary is controlled by the tax return preparer.

20 JUDGE LEE: I know. But it wouldn't be the same object. Because
21 in the paragraph before, you have a disk. That disk is in the possession of the
22 taxpayer.

23 MR. SARTORI: Yes.

24 JUDGE LEE: Well, it obviously is not in the possession of your tax
25 preparer. So the tax preparer cannot be in control of the structure that's described
26 in the previous embodiment. So what is the embodiment in the alternative -- what

Appeal 2007-0712

Reexamination 90/006,713

Patent 6,202,052

1 is the structure in the alternative embodiment?

2 MR. SARTORI: It's a general purpose computer with software
3 according to the invention. It's whether or not --

4 JUDGE LEE: Where is it? I mean, I don't see it. You want us to say
5 that "Well, in my alternative embodiment, the electronic intermediary is a
6 computer and a program in my tax preparer's office."

7 MR. SARTORI: Yes.

8 JUDGE LEE: That's what you want us to say.

9 MR. SARTORI: Yes.

10 JUDGE LEE: Where is it in your spec?

11 MR. SARTORI: Electronic intermediary, referring back to column 4,
12 is the same term used consistently throughout the specification and the claims.

13 JUDGE LEE: I know. But where is it telling me that in the
14 alternative embodiment, the electronic intermediary is a computer in my tax
15 preparer's office?

16 MR. SARTORI: I think you have to read the specification together,
17 the definitional section on column 4 for electronic intermediary is used consistently
18 in column 5, in the paragraph on column 5, line 17, and on line 27. The electronic
19 intermediary is a computer, your personal computer at your desk in your home.
20 And otherwise, it's the personal computer on the desk at the tax preparer's office,
21 at H&R Block's brick and mortar office. And the program --

22 JUDGE LEE: I don't know. If you're trying to invoke paragraph 6
23 of Section 112, don't you need to be specific as to what structure you're referring
24 to, instead of letting us imply or assume that structure?

25 MR. SARTORI: Yes. The structure is the personal computer with
26 the software.

Appeal 2007-0712

Reexamination 90/006,713

Patent 6,202,052

1 JUDGE LEE: Personal computer. Why can't it be a --

2 MR. SARTORI: Oh, I'm sorry. I'm sorry. Let me just -- I'm sorry.

3 Let me use the language in the specification. We're getting a little too loose here.

4 "A data processing system comprising a general purpose computer and a computer
5 program."

6 The examiner has basically two sets of rejections, the 112 rejections
7 and the prior art rejections. As to the prior art rejections, I'd like to discuss two
8 points around the prior art rejections, the first being that the examiner has
9 completely ignored Federal Circuit cases we've cited that are on point, both in the
10 prosecution and in the briefs. The cases go to the recitation of "automatic" in all
11 the claims in the '052 and in most of the claims in the '787. And "automatic" is
12 not defined anywhere in the specification, so it must be given its ordinary meaning
13 per the Phillips case. In addition, it should be given weight for the Federal Circuit
14 cases.

15 The three cases I'd like to discuss are the Space Systems v. Lockheed
16 Martin case and the Mercantile Exchange v. E-Bay case, both of which are cited in
17 the briefs. The third case I'd like to bring to the Board's attention is the College
18 Net v. Apply Yourself case, which we found after we filed the briefs, but is also a
19 Federal Circuit decision on point.

20 As to the first case, in the Space Systems v. Lockheed Martin case,
21 the invention was for a navigation control of a satellite. And the claims at issue in
22 that case were cited automatically in the body of the claim. And the Federal
23 Circuit construed the term "automatically" to have its ordinary meaning, and
24 looked to a dictionary definition for it, looked to the New Webster's -- the
25 Webster's II New University of Riverside dictionary for the definition of
26 "automatic," which is to -- acting or operating in a manner that is essentially

1 independent of external influence or control. And the Federal Circuit took that
2 claim construction and gave the recitation of “automatically” weight, and used it,
3 actually, in its infringement analysis.

4 In the same sense here in the two cases before the Board, we have
5 provided numerous dictionary definitions in the briefs and to the examiner, and
6 those dictionary definitions are all in line and in sync with the definition provided
7 by the Federal Circuit in the Space Systems case.

8 JUDGE MEDLEY: So “automatic,” what does that
9 -- what is your position? What does that mean?

10 MR. SARTORI: It should mean acting or operating in a manner that
11 is essentially independent of external input or control.

12 JUDGE MEDLEY: So not manual.

13 MR. SARTORI: Not manual, yes.

14 JUDGE MEDLEY: So if you have any kind of manual input from
15 start to end, then, it’s no good.

16 MR. SARTORI: It’s no good in the sense of the comprising
17 language, and no good in the sense of the limitations we have in the claims must be
18 performed automatically.

19 JUDGE MEDLEY: But somewhere along the line, some data has to
20 be put in somewhere manually.

21 MR. SARTORI: You are correct. In fact, in step 11 of the
22 application, we talked about you have to initiate the system. You have to, you
23 know, tell the software that you have account fidelity. Tell the software what your
24 account number is, or your pass code, or whatever. That’s done in step 11. That
25 feature of the invention is not recited in the claims. The claims are all limited to
26 what’s performed automatically by the electronic intermediary or by the computer

1 with the software. And the --

2 JUDGE LEE: What about in column 5 where you say, "The tax return
3 preparer controls the electronic intermediary and ensures that the electronic
4 intermediary receives the appropriate information required"? Well, how does he
5 ensure that that happens?

6 MR. SARTORI: I'm sorry. Could you give me the line site on
7 column 5 you're referring to?

8 JUDGE LEE: Lines 45 to 46.

9 MR. SARTORI: Okay.

10 JUDGE LEE: "The tax return preparer ensures that the electronic
11 intermediary receives the appropriate information required." How can you do that
12 without intervention?

13 MR. SARTORI: This is all referring to step 11 in the application, in
14 the patent, which goes to how do you start the process? How do you initiate the
15 software from going forward? It can be analogized to an automatic dishwasher,
16 where you load the dishes up, and you close the door and you press start, and the
17 dishwasher, off it goes. It's automatic. You don't add the water. You don't tell it
18 when to start the rinse cycle.

19 JUDGE LEE: Well, that's what makes it hard. See, some manual
20 intervention is okay, by your standard, but some are not. Right? Apparently, it's
21 okay for someone to turn it on.

22 MR. SARTORI: Yes.

23 JUDGE LEE: But somehow, it's not okay for someone to manually -
24 - well, perhaps it's okay for someone to even pour in the detergent.

25 MR. SARTORI: Yes.

26 JUDGE LEE: But it's not okay for someone to take a piece of

1 clothing out and rub it. That would be like washing, so that would be no good.

2 MR. SARTORI: That's right. That would be outside the scope.

3 JUDGE LEE: So it's hard for me to tell what manual intervention is
4 okay and what manual -- which type of manual intervention is not okay.

5 MR. SARTORI: Well, I think clearly, the kind that is okay is the kind
6 that initiates the process. Another good definition for "automatic" is from the
7 College Net case, which is another case that -- this Federal Circuit case. In that
8 case, the Federal Circuit affirmed the construction of the District Court, and they
9 said the word "automatic" means once initiated, the function is performed by a
10 machine without the need to perform the function manually.

11 So once initiated -- so whether or not you're pouring the detergent on
12 there or rubbing it in there, and then you toss it in the washer, that's all pre-
13 initiation. But once you start that dishwasher or that washing machine,
14 it's going to town.

15 JUDGE LEE: Okay. That, I can understand. But let's say something
16 goes wrong. The preparer initiates, makes the call. Something goes wrong. Our
17 computers go wrong all the time.

18 MR. SARTORI: Yes.

19 JUDGE LEE: You mean this language doesn't cover a case where
20 something goes wrong, and the preparer fixes the computer and reboots the
21 computer and redoes it again?

22 MR. SARTORI: In that case, if the computer did not complete all the
23 steps in the claim, then no, it would not be covered within the scope of the claim.

24 So the definitions for "automatic" also include the option to interrupt.
25 The Federal Circuit case -- the College Net case talks about the dishwasher, and it
26 also talks about an auto pilot example. In both of those, you could interrupt the

1 automatic process. Perhaps that's what you're thinking about, essentially, where
2 you can -- if you forgot a plate in the dishwasher, you open the door, it turns off
3 automatically. You throw the plate in, close the door, it starts back up
4 automatically.

5 Or, for instance, in auto pilot, you engage the auto pilot -- that's
6 manual -- and the auto pilot is off on its merry way flying the plane. But if the
7 pilot sees some sort of adverse conditions out there that it needs to assume control,
8 the pilot can assume control of the plane. Disengage the auto pilot, assume control
9 for as long as needed, and then reengage the auto pilot, and the auto pilot is back
10 on board again.

11 And that's the meaning of "automatic," the definitional meaning, the
12 meaning that we mean, and the same meaning in the claim.

13 JUDGE LEE: See, you talk like we should be understanding this just
14 by reading the little text you have here. But don't you need more description in
15 order for us to catch that meaning? Aren't you asking us to read a lot from just a
16 few words? You want us to have that specific understanding, that "automatic" just
17 has to mean this but not that. It covers this but not that. I mean, where is it coming
18 from?

19 MR. SARTORI: It's coming from the ordinary meaning of
20 "automatic" inferred. For the Phillips case and for the Federal Circuit cases on
21 point, "automatic" has been contested previously, and they've given it the
22 dictionary definitions I've discussed here and in the briefs. And they're all in sync
23 and in line with the use we automatically have here in the patents.

24 JUDGE LEE: Why isn't the broadest reasonable interpretation simply
25 if the bulk of it is automatic, it's sufficient?

26 MR. SARTORI: Because it would be outside the definition. The bulk

1 of automatic doesn't mean, for example, the definition from the College Net case.
2 Once initiated, the function is performed by a machine without the need for the
3 function to be performed manually.

4 JUDGE LEE: What if something goes wrong, the connection gets
5 dropped?

6 MR. SARTORI: If the connection gets dropped, then it has to be
7 restarted again.

8 JUDGE LEE: Right. By the interceptor. The preparer.

9 MR. SARTORI: Right. If the connection is dropped, then it's started
10 again.

11 JUDGE LEE: So then it's no longer automatic.

12 MR. SARTORI: Then it's not within the scope of the claim, then.
13 The machine didn't perform properly. The entire steps in the claim were not
14 performed automatically.

15 JUDGE LEE: So your invention would not work if
16 the connection drops?

17 MR. SARTORI: Yes. You'd have to reconnect it, yes. That's
18 correct.

19 JUDGE LEE: You'd have to reconnect it. But you just said it's not
20 covered by the claim if there's intervention to reboot it.

21 MR. SARTORI: See, I'm talking -- in terms of an infringement
22 analysis or a validity analysis are we talking right now?

23 JUDGE LEE: We're talking about claim interpretation.

24 MR. SARTORI: Okay, claim construction. Claim construction.

25 JUDGE LEE: I asked you what happens if the connection gets
26 dropped, and you need someone to reboot the computer or to do whatever he needs

1 to do to ensure that the thing is received. And you said well, in that case, then, it
2 isn't covered by the claim.

3 MR. SARTORI: Right. Because the rebooting would have -- you
4 have to start -- you'd get halfway through the process. You may be connected
5 electronically, but you couldn't collect electronically. So you would stop at the
6 collection point, because there was something at the Internet. Who knows?

7 JUDGE LEE: If it isn't covered by the claim, then your invention
8 guarantees that nothing goes wrong?

9 MR. SARTORI: No. No, of course not. You have to restart the
10 computer. You have to restart the process again. Go back to your tax software,
11 start -- you know, press "go," try it again. Reach out to your Fidelity over the
12 Internet, and try to connect it electronically.

13 JUDGE LEE: But you just told me that's no longer your invention. It
14 isn't covered by your claim if there is intervention.

15 MR. SARTORI: You would have to start the process again. If that
16 happened in terms of claim construction, that would not be how -- that's not how --
17 the invention would not be seen through every single step in the invention. You
18 would get through 1 1/2 steps, maybe, and you'd have to start over again at step 1.

19 JUDGE MEDLEY: Where does it describe that that's what -- that
20 that's what's going on in your specification?

21 MR. SARTORI: Of starting and restarting?

22 JUDGE MEDLEY: Does it talk about automatic and what it means?
23 I did a text search. I only got one hit, and that was in your original Claim 15 in the
24 '797 patent.

25 MR. SARTORI: Yes. "Automatic" should be construed for its
26 ordinary meaning and relying on dictionary definitions according

1 to the Phillips case.

2 JUDGE MEDLEY: But do you have a description of once you get
3 started, it runs -- everything runs automatically? You don't have any interruptions.
4 You don't do anything other than just --

5 MR. SARTORI: The hypothetical Judge Lee was posing on the
6 interruption is not mentioned in the specification at all. So it's assumed -- I'm
7 sorry?

8 JUDGE MEDLEY: Because I remember reading somewhere in your
9 spec that you can prompt the user to input data.

10 MR. SARTORI: Yes.

11 JUDGE MEDLEY: So why is that not manual? They have to click on
12 a mouse. They have to input numbers, let's say my account number. That's
13 manual, according to what you're saying is manual.

14 MR. SARTORI: We completely agree with that. That is manual.
15 And that is step 11 in the patent. Step 11 talks about the manual part of it. It's the
16 engaging part, it's the initiation, the starting of it. You need to tell the software
17 what your account number is, what your pass code is. And then once it receives
18 the information, it automatically goes through all the steps in the process. It goes
19 out to the tax data provider, collects the tax data, processes the tax data, and
20 prepares the electronic tax return.

21 The second case we'd like to talk about is the Mercantile Exchange v.
22 E-Bay case. And in this case, "automated" was recited in the preamble, and the
23 Federal Circuit was faced with the question as to whether or not "automatic"
24 should apply to every limitation in the body. And the invention in the Merc
25 Exchange case involved an on-line auctioning system, basically E-Bay system, in
26 which a bidder could buy an auction item at a fixed price.

1 And the Federal Circuit looked at the limitations in the claims in the
2 Merc Exchange case and found that two of the limitations actually were performed
3 manually. One limitation required that the bidder manually enter into the computer
4 their bid. Another limitation required that the seller manually enter into the
5 computer information on the auction item.

6 And the Federal Circuit decided that because those two limitations in
7 the claim were performed manually, “automatic” that’s recited in the preamble
8 does not flow into the body for those two limitations.

9 Similar to the claim in the Merc Exchange case, the claims in the ‘052
10 and the ‘787 patents recite “automatic” in the preamble. So we need to look at
11 each claim limitation to see if that’s performed automatically and each of the
12 limitations in the claims at issue here are performed automatically.

13 JUDGE LEE: I tell you, let me try to probe this a little more.

14 MR. SARTORI: Okay.

15 JUDGE LEE: What’s really bothering me is this language in column
16 5 of the ‘052 patent where it says the tax preparer ensures that the electronic
17 intermediary receives the appropriate information required. That seems very broad
18 to me. The tax preparer essentially is going to fix everything.

19 Let’s say you have a disaster or catastrophe. It’s still making the
20 connection. Whatever the client is sending through is not coming through. So
21 according to this, the way I read it, the tax preparer can exercise discretion and say,
22 “Oh, forget this.” You know, the electronic connection, forget it. Pick up the
23 phone, call the client, gets all the information verbally, puts it on the phone, and
24 manually enter all that information into the computer.

25 That would be within “The tax preparer ensures that the electronic
26 intermediary receives the appropriate information required.” That’s what that

1 means to me, because it's broad and it's vague. Ensures. So he's going to fix
2 whatever problem that comes up, even if that includes calling up the guy, getting
3 the information on the phone, and manually entering it, simply because the
4 connection isn't worth it. If that doesn't mean that, what does it mean? Where do
5 you draw the line?

6 MR. SARTORI: The discussion here of the embodiment for the tax
7 preparer is in the context of step 11. Step 11 talks about -- step 11 is providing the
8 electronic intermediary with information on the tax data providers. And this is the
9 information that's being provided by the tax preparer.

10 So instead of the tax payer entering and saying, "Hey, I have an
11 account with Fidelity and here's my account number," the tax preparer receives
12 that information from the taxpayer, enters it into the software themselves. That's
13 what's being discussed here.

14 If you're reading it out of context, it may sound that way. But, you
15 know, turning back to column 4, this is all discussing step 11 and the following
16 paragraph on line 50 talks about step 12. Step 12 is where the "automatic" kicks
17 in.

18 To discuss the Beamer article, which was cited by the examiner in all
19 the rejections of the two patents, the Beamer article -- the Beamer system requires
20 that the -- it requires two pieces of software, at least two pieces of software, a
21 personal finance software and a tax preparation software.

22 The personal finance software first downloads a bank record, and then
23 the Beamer system requires the taxpayer, the user of the system, to monthly
24 manipulate the data, the bank records and whatnot, to get ready for tax season.
25 And the Beamer system then requires the taxpayer, the user, at the end of the year
26 to put together their own template, their own form, for the data that will be used for

1 the tax returns, and then to go through that template or form line by line to ensure
2 that every single thing is correct and no mistakes were made, because it was all
3 done manually.

4 And the third thing that the Beamer system requires is for that
5 template from the tax preparation software to be imported into -- I'm sorry -- from
6 the personal finance software to be imported into the tax preparation software.
7 And that's done by having the user point and click from the personal finance
8 software to the tax preparation software.

9 JUDGE MEDLEY: Let me go back to what Judge Lee had said
10 earlier.

11 MR. SARTORI: Sure.

12 JUDGE MEDLEY: You have several claims that don't require this
13 automatic limitation.

14 MR. SARTORI: Yes.

15 JUDGE MEDLEY: But yet, when I look through your arguments, it
16 seems like you're equating electronic, automatic, and no manual input all to be the
17 same. I could put equal signs in between. But that's not -- but at least, like, for
18 example, Claim 1 of the --

19 MR. SARTORI: The '787?

20 JUDGE MEDLEY: Yeah.

21 MR. SARTORI: Yes.

22 JUDGE MEDLEY: It doesn't have any impact. It doesn't have the
23 "without manual entry." It doesn't have "automatic." It's just means for
24 electronically collecting, or means for collecting electronically, means for
25 processing electronically. So if the Beamer reference is doing these things
26 electronically, why does it matter that there is some manipulation going on, or

1 some manual input going on?

2 MR. SARTORI: You are correct. Independent Claims 1 and 10 of
3 the '787 patent do not recite "automatic" or "automatically." In the briefs, we set
4 forth two reasons why those claims are not anticipated by the Beamer reference,
5 the first one being that it does not teach collecting electronically tax data from a tax
6 data provider, which we've discussed.

7 The second reason we set forth is that the Beamer reference does not
8 teach tax data. Tax data is defined as tax information that is relevant to the tax
9 liability of the taxpayer. The Beamer talks about the bank records coming in and
10 focuses on expressly the salary of the user that's in the bank record and the salaries
11 being used to compute the tax information. Well, that's what Beamer says. But
12 that's never going to happen.

13 The salary that you receive or that I receive, the government, the IRS,
14 doesn't care how much you take home. The IRS cares about how much you're
15 paid, what's your gross pay, and they care about your withholdings. How much
16 was withheld for your taxes, withheld for parking, withheld for transportation, for
17 your retirement, for your health spending account. All that information is taken
18 out of your gross. And what you receive in your bank statement is your net, is
19 your take-home.

20 But you can't go back from your net and figure out your gross or your
21 withholdings. None of that information is there at all in the Beamer system.
22 And, so Beamer needs to actually add that information back into those records, that
23 information, manually typing that in. You cannot obtain that in any stretch of the
24 imagination from your salary information.

25 JUDGE MEDLEY: Why can't the Dollars and Cents Software be the
26 tax data provider?

1 MR. SARTORI: Because of the definition of a tax data provider. A
2 tax data provider is defined in the '052 -- I'm sorry -- in both patents as -- excuse
3 me a moment -- in column 4, lines 42 to 50, as referring to each party that has tax
4 information relevant to the taxpayer's tax liability or tax reporting obligations. The
5 personal finance software is not a party.

6 The examples given in the specification are for an employer, a
7 partnership, a bank, a savings and loan institution, a mortgage institution, credit
8 card bureau, thrift institution, security brokerage firm, mutual fund holding
9 institution, charity, and federal, state, local, and foreign taxing authorities.

10 JUDGE MEDLEY: Why are we limited? Was it --only can be those
11 things?

12 MR. SARTORI: No. Those are the parties. The tax software is not a
13 party.

14 JUDGE MEDLEY: No. Well, I'm just saying why can't a tax data
15 provider be -- I'm the tax data provider. I'm inputting all of this stuff into the
16 Dollars and Cents software.

17 MR. SARTORI: Oh, the user? The user is?

18 JUDGE MEDLEY: Yes.

19 MR. SARTORI: Oh. The user is -- that would be the manual entry.
20 That's not collecting electronically. That's --

21 JUDGE MEDLEY: No. I'm talking about if I enter all the data --

22 MR. SARTORI: Into the personal finance? Like Dollars
23 and Cents, right?

24 JUDGE MEDLEY: Right, Dollars and Cents.

25 MR. SARTORI: Right.

26 JUDGE MEDLEY: And then I get my year-end. Everything is ready

1 to go, and then I transfer it. It says you can transfer it automatically to the Mac &
2 Tax. Why doesn't that meet the limitations here?

3 MR. SARTORI: For two reasons. One, the Dollars and Cents
4 Program is not a party per this definition. The second reason is that I suppose the
5 automatic transfer that Beamer talks about in his article does not actually happen
6 automatic at all. There is a manual point and clicking.

7 What's interesting is that we actually provided the --

8 JUDGE MEDLEY: Why? It says it's automatic.

9 MR. SARTORI: It says it's automatic. Actually -- I'm sorry.

10 JUDGE MEDLEY: If you look at paragraph 10 of the Beamer
11 article, it says, "Next year, several companies expect to have new versions of their
12 products that will invisibly tag files. In this way, data from the year-end report can
13 be transferred automatically to Mac & Tax."

14 MR. SARTORI: That's right. But if you read on further in the
15 article, actually what that means is it means that it's actually -- it's a point-and-
16 click operation that the user must go through by manually showing -- by manually
17 clicking on "Here's my entry in my Dollars and Cents program, and here's my
18 entry in Mac & Tax, and these two match up."

19 And then what Beamer does -- in fact, Beamer actually wrote a book
20 called "Mac & Tax Made Easy" in 1991, four years after the '87 article. We
21 provided a copy of the book to the examiner and excerpts in here. Actually, in this
22 book, Beamer talks about more explicitly what does that mean? What does this
23 importing actually mean? And it means that there's a lot of manual input.

24 In fact, in one section of the book, Beamer actually says, "Don't even
25 bother doing it." He says, "Mac & Tax will import it, but you must cut and paste
26 each member to its appropriate line in Mac & Tax. The amount of manual effort

1 this entails largely negates the advantage of importing.”

2 He further on says that “Mostly you’ll find that the easiest approach is
3 to print out your year-end report from your Dollars and Cents in the personal
4 finance management software and type the relevant information into Mac & Tax.”
5 So he’s even suggesting this import function is so manually intensive, don’t do it.
6 Simply print out your year-end report from your personal finance software. Type
7 it back in. This is manual. This is outside the scope of the claims. This is not
8 automatic. Beamer does not anticipate --

9 JUDGE MEDLEY: But you don’t claim automatic everywhere.

10 MR. SARTORI: We do not claim -- that’s right. We do not claim --
11 I’m sorry. I’m sorry.

12 JUDGE MEDLEY: So electronic -- see, that’s why I’m kind of
13 having a problem. Because I read your
14 brief --

15 MR. SARTORI: I thought you were on the ‘052 for a second. You’re
16 on the ‘787. I’m sorry.

17 JUDGE MEDLEY: But you do. You sort of mix the issues. I read
18 what you say, and it seems like you’re saying automatic is electronic, is not
19 entering manually information. You’re equating all three.

20 MR. SARTORI: That’s right. In the context of the ‘052 patent,
21 which recites “automatic” in all the claims, “automatic” needs to be given its
22 ordinary meaning and weight. In those ones, I think it’s clear with regard to the
23 Beamer reference.

24 In the ‘787, we have two independent claims, 1 and 10, which do not
25 recite “automatic.” The rest of the independent claims recite “automatic.” And so
26 those ones, I think it’s clear that the Beamer doesn’t teach it. We’re focusing on

1 Claims 1 and 10.

2 And there are two reasons that I said previously that the Beamer
3 article does not teach it. One is they're connecting electronically. And yes, we are
4 saying electronically means that there's no manual input. You have to -- we're
5 saying you need to read it in light of the specification.

6 The second reason we're saying is that Beamer does not teach tax
7 data in the sense that he receives -- the salaries are not tax data. They don't tell
8 you anything about what should go on your tax return, how much tax do you owe.

9 JUDGE LEE: Isn't the way you're interpreting it contrary to just
10 logic or common sense? You know, simply saying this is made of wool doesn't
11 mean it doesn't have other components.

12 MR. SARTORI: I'm sorry. You lost me, sir.

13 JUDGE LEE: Saying something is electronic doesn't necessarily
14 exclude any kind of manual contribution.

15 MR. SARTORI: The claim recites connecting electronically to a tax
16 data provider, and then collecting electronically from a tax data provider. And that
17 needs to be done electronically. The --

18 JUDGE LEE: Yeah. But why does that exclude any kind of manual
19 input? I mean, that's crux to the issue.

20 MR. SARTORI: Yes, for Claims 1 and 10 of the '787 patent.

21 JUDGE LEE: You just say that it does, but I don't get it.

22 MR. SARTORI: In the context of the step which refers to -- that
23 recitation of collecting electronically refers to step 12 of the patent. And there it
24 talks about, as I said before, the invention eliminates the current requirement that a
25 taxpayer manually collect the tax data, and that the taxpayer -- it eliminates the
26 current requirement that the taxpayer manually enter the tax data onto the tax

1 return or into the computer. And by collecting electronically, you're eliminating
2 those requirements. And to the extent that Beamer makes you do those things, or
3 the system requires you do those things, it doesn't anticipate the claim.

4 JUDGE LEE: All right. What about how does the tax preparer make
5 sure that information is collected to determine whether the taxpayer has a special
6 tax case?

7 MR. SARTORI: I'm sorry. Could you repeat that again?

8 JUDGE LEE: The tax preparer ensures that information is collected to
9 determine whether the taxpayer has a special tax case.

10 MR. SARTORI: Oh, on column 5. Okay, I got you. I'm sorry.

11 JUDGE LEE: Can you explain that?

12 MR. SARTORI: Sure.

13 JUDGE LEE: That sounds like manual intervention.

14 MR. SARTORI: That is manual intervention. And that has to do with
15 step 11, which is the manual step required to initiate it, to initiate the automatic
16 process. That's taken from column 5, line 45, what you've been focusing on, sir,
17 Your Honor. And that has to do with step 11, which is the manual stuff.

18 JUDGE LEE: I see. So you're allocating all of these manual input to
19 the category of initiating the process.

20 MR. SARTORI: Yes, yes.

21 JUDGE LEE: If there's any manual input outside of initiation, then
22 it's not covered by the claim.

23 MR. SARTORI: It's not covered by the claim and it does not
24 anticipate the claim.

25 The second point we'd like to discuss today regarding the prior art
26 rejections is the taxing authority recitation. In the claims of the '052 patent, the

1 claims recite "connecting electronically to a taxing authority." In rejecting the
2 claims, the examiner has misinterpreted the phrase "taxing authority." The '052
3 patent provides the definition for "taxing authority" on column 7, line 1 to 2. "The
4 taxing authority is the IRS, or a state, local, or foreign taxing authority. One of
5 ordinary skill would recognize that taxing authority refers to a government entity
6 that has the authority to levy or collect taxes."

7 The examiner, in rejecting the case, has said that the taxing authority
8 is your tax preparer, your tax accountant, or the IRS. The examiner -- it's saying
9 that the tax preparer is the taxing authority is inconsistent. We provided
10 substantial evidence in the prosecution and the briefs to say from certain
11 government agencies -- the IRS, the State of New York, the State of Florida -- the
12 taxing authority, giving definitions for it, and using it in its proper context.

13 We've also provided evidence from five EDGAR filings with the
14 SEC as to the definitional use of taxing authority. All this evidence has not been
15 addressed at all by the examiner. These definitions and use of it are all consistent
16 with taxing authority as used in the patent and the claims. Thus, the Beamer for
17 another reason does not anticipate the claims in the '052 patent.

18 JUDGE MOORE: So you think it's unreasonable to say that my CPA
19 who does my taxes is an authority on taxing, and therefore not a taxing authority.

20 MR. SARTORI: Maybe authority on taxes, yes. The inventor David
21 Miller is a tax lawyer. He's an authority on taxes, but he's not a taxing authority.
22 He does not have the power to levy and collect taxes from any one of us here.

23 The examiner also, in addition, rejected the claims under 112
24 rejections. We would like to rely on our briefs for response to those -- for those
25 rejections, we believe the examiner is incorrect. I'll ask the Board if there's any
26 questions on those at all.

1 JUDGE MEDLEY: I have a question on that. Your '787 patent --

2 MR. SARTORI: Yes --

3 JUDGE MEDLEY: came later.

4 MR. SARTORI: The '787 patent is a continuation of the '052, yes.

5 It's the same specification.

6 JUDGE MEDLEY: But those claims are broader than the claims in
7 the earlier patent; is that correct?

8 MR. SARTORI: They're of different scope. Claim 20 of the original
9 '052 patent recites the steps of connecting electronically, collecting electronically,
10 preparing the tax return and filing it. And the other independent claims -- oh, I'm
11 sorry. Preparing it. And the other electronic talks about filing. I'm sorry. Just a
12 second.

13 JUDGE MEDLEY: It seemed to me that the later patent was just
14 focusing on tax collecting, whereas the claims in the earlier patent were collecting
15 and reporting.

16 MR. SARTORI: Exactly. The first patent includes two limitations of
17 interacting with the taxing authority: connecting to the taxing authority and filing
18 the return with the taxing authority. Those two steps are not recited in Claim 20 of
19 the '052 patent, which are the original claims. And then in -- I'm sorry?

20 JUDGE MEDLEY: I'm sorry. Was there a TD filed in the '787
21 patent?

22 MR. SARTORI: Yes, there was. It was filed on July 22 -- July 29,
23 2002. July 29, 2002, there was a terminal disclaimer filed in the '787 patent.

24 JUDGE LEE: Had the rejections been 103, would you have evidence
25 of secondary consideration?

26 MR. SARTORI: Yes, we have evidence of secondary consideration

1 for three of the independent claims in the '787 patent. The claims in the '052
2 patent are only rejected 1 or 2 as anticipated by the Beamer article. And in the
3 second case, the '787 patent, we have -- we actually will argue long-felt need as a
4 secondary consideration to overcome the obviousness rejection by the examiner.

5 JUDGE MEDLEY: For the dependent claims.

6 MR. SARTORI: For the independent claims. Well, independent
7 claims and dependent claims. The examiner lumped them all together, and we
8 address only the independent claims.

9 JUDGE MEDLEY: I thought she applied the art as anticipation with
10 respect to all the independent claims.

11 MR. SARTORI: Not in the second patent. Not in the second patent.
12 In the second patent, she rejected claims 4, 6 to 9, 11 to 18, 33 and 36 under 103.
13 And of that group of claims she rejected, claims 15, 33, and 36 are independent
14 claims that she rejected under 103. And so we put forth the Webber article as an
15 example of secondary considerations of long-felt need.

16 JUDGE MEDLEY: Any other questions?

17 JUDGE LEE: No.

18 JUDGE MEDLEY: Okay, thank you.

19 MR. SARTORI: Thank you for your time.

20 (Whereupon, the proceedings at 1:45 p.m. were concluded.)